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R-21
B.A.R. Series No. 1

Issued June 12, 1934

UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL ADJUSTMENT ADMINISTRATION

WASHINGTON, D.C.

REGULATIONS UNDER THE COTTON ACT OF APRIL 21, 1934 RELATING TO THE TAGGING OF COTTON HARVESTED AND GINNED PRIOR TO JUNE 1, 1934

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Act approved April 21, 1934, entitled "An Act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes" (Public, No. 169, 73d Congress), I do make, prescribe, publish, and give public notice of the following regulations, relating to the tagging of cotton which was harvested and ginned prior to June 1, 1934, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture under said Act.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed at the City of Washington this 12th day of June, 1934.

H A Wallace
Secretary of Agriculture.

ARTICLE I—GEOGRAPHICAL SCOPE OF APPLICABILITY OF THE ACT

The provisions of the Act relative to the tagging of cotton are applicable to the United States and its possessions (except the Philippine Islands, the Virgin Islands, American Samoa, the Canal Zone, and the island of Guam).

ARTICLE II—DEFINITIONS

As used in these regulations the term—

(*a*) "Person" includes an individual, a corporation, a partnership, a trust or estate, a joint-stock company, an association, or a

syndicate, group, pool, joint venture, or other unincorporated organization or group, through or by means of which any business, financial operation, or venture is carried on. It includes a guardian, committee, trustee, executor, administrator, trustee in bankruptcy, receiver, assignee for the benefit of creditors, conservator, or any person acting in a fiduciary capacity.

(*b*) "Act" means the Act entitled "An Act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes", approved April 21, 1934 (Public, No. 169, Seventy-third Congress), which may be referred to in official correspondence as the Cotton Act of 1934.

(*c*) "Old cotton" means any lint cotton in a bale which was harvested and ginned prior to the crop year 1934–1935 (that is to say, before June 1, 1934).

(*d*) "Bale" means the ordinary closely pressed package of lint cotton whether or not compressed and without regard to the weight or shape of such package.

(*e*) "Bale tag" means a prescribed nondetachable metal tag used to identify a bale of lint cotton harvested and ginned prior to June 1, 1934.

(*f*) "Tax" means the tax upon the ginning of cotton imposed by the Act.

(*g*) "Ginning" means the separation of lint cotton from seed cotton.

(*h*) "Lint cotton" means the fiber taken from seed cotton by ginning; and "seed cotton" means the harvested fruit of the cotton plant. Lint cotton does not include linters.

(*i*) To "empty," "break," or "open" a bale of cotton does not include any operation in connection with compressing such bale, if no cotton is added to or removed from such bale.

(*j*) "Secretary" means the Secretary of Agriculture.

(*k*) "Tagger" means a person authorized to affix bale tags to bales of old cotton (see Article VII).

(*l*) "Director of Tagging" means the person in charge of tagging operations, designated or appointed by the Secretary of Agriculture (see Article V).

Article III—Tagging of Old Cotton

Pursuant to the Act and the respective regulations thereunder every bale of lint cotton (whether of domestic or foreign production) shall be identified by having attached thereto a bale tag issued under the Act.

All cotton which was harvested and ginned prior to June 1, 1934, shall (except as provided below in this article and in Article V) be identified by a distinctive bale tag attached to each bale. Such cotton is exempt from the tax on the ginning of cotton levied and assessed by the Act.

The bale tags to be used in such identification will be serially-numbered metal tags of a lock type (in appearance readily distinguishable from the tags which will be used by the Bureau of

Internal Revenue to identify lint cotton which is ginned or imported on or after June 1, 1934). Such bale tags will be issued to the Secretary of Agriculture by the Commissioner of Internal Revenue (pursuant to the regulations under the Act relating to tax on cotton ginning prescribed by the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury) and will be affixed in accordance with these regulations by taggers authorized to act as agents of the Secretary of Agriculture.

It is unlawful to attach any such bale tag to cotton other than that harvested and ginned prior to June 1, 1934.

Cotton which was harvested prior to June 1, 1934, but is ginned on or after June 1, 1934, and cotton which is harvested after May 31, 1934, will be tagged under the direction of the Commissioner of Internal Revenue (see aforesaid regulations prescribed by said Commissioner).

Reference is here made to the regulation prescribed by the Acting Commissioner of Internal Revenue, approved by the Acting Secretary of the Treasury on June 1, 1934 (T.D. 4438), which provides as follows:

> Bales of lint cotton harvested and ginned prior to June 1, 1934, may be transported, sold, purchased, or opened at any time prior to July 1, 1934, even though a bale tag is not attached.

At the time a bale tag is affixed the person in whose hands the bale is found will be issued a certification of tagging on a prescribed form, intended to accompany documents of title and calculated to facilitate the sale of cotton and cotton-financing transactions. Such certification shall be signed by the person affixing the bale tag and shall show the serial number of the bale tag, the mark or marks of identification appearing on the bale, and whether the bale is round or square, compressed or uncompressed. Such certification must be exhibited upon any application which may be made claiming a bale tag to replace a bale tag which has been lost. Any such application shall be made under oath, on a prescribed form, to the Secretary of Agriculture and a record thereof filed with the Director of Tagging. If a bale tag is issued to replace the one lost the certificate shall be endorsed by the issuing officer to show the serial number of the new tag and the person to whom and the date when it is issued, and the endorsed certificate shall be delivered to the applicant when the new bale tag is affixed.

Article IV—Application for Bale Tags

Any person who has any bale or bales of old cotton in his immediate possession, custody, or control (whether he be the owner thereof or not) may make application for an appropriate number of bale tags sufficient to place one bale tag on each bale of such cotton (whether square bale or round bale). The Act requires that the application for such bale tags be made not later than June 15, 1934.

Such application shall be in writing and shall be dated and signed by the applicant and shall state the number of bales of old cotton in the hands of the applicant on the date of the application and that such cotton was harvested and ginned prior to June 1, 1934, and show the location of such cotton on the date of the application, and shall represent that such bale or bales are under the Act exempt

from the tax on ginning levied and assessed by the Act, and shall request a number of bale tags (equal to such number of bales) to be affixed to such bales.

Such application may be made on the form prescribed by the Secretary of Agriculture or by letter or telegram. A separate application must be made for each lot of cotton stored in a different location even though several lots may be in the immediate possession, custody, or control of the applicant, whether he be the owner or a ginner, buyer, warehouseman, or other person. The application should also state the number of bales so held which it is desired to transport or sell by a certain date.

Copies of the form of application for bale tags shall be distributed generally to those interested in the communities in which old cotton is known or believed to be located and shall, so far as practicable, be delivered to every person known or believed or represented to have any such cotton in his possession, custody, or control. The Act places on the person holding old cotton (for sale or for use in the manufacture or production of an article intended for sale) the burden of making application for bale tags on or before June 15, 1934, and failure to receive or procure a form of application will not be held to excuse any failure to file an application for bale tags.

In the case of old cotton held in a cotton-producing county, the application shall be filed with the County Agent for the county in which the cotton is located.

In the case of old cotton which is held outside a cotton-producing county, the application shall be filed with the representative of the Director of Tagging in and for the county, or city or town, in which the cotton is located.

Applications which may be or may have been filed with the Secretary will be referred to the Director of Tagging and by him referred to the appropriate office or officer or employee in the field.

All applications will in turn be referred to the appropriate taggers in the field. When the tagging pursuant to an application has been performed, the tagger will attach the application to that set of his individual report which is forwarded to the Director of Tagging.

Article V—Director of Tagging and the Tagging Program

There shall be a Director of Tagging, designated or appointed by the Secretary. He shall be in direct charge of all operations necessary to be performed and of all personnel required to be employed in order to make certain that all old cotton is properly tagged as soon as it is physically possible to accomplish the task. He shall be responsible to the Secretary, reporting through the Administrator of the Agricultural Adjustment Administration.

All old cotton is required to be tagged wherever and whenever found, whether it is located on a farm, at a gin, in a public or private warehouse, in a compress, in the hands of a common carrier, in a consuming establishment (unless it is to be consumed therein without removal therefrom), at a port (unless it is covered by an export bill of lading), in the hands of an officer or a department, agency, or establishment of, or corporation established by, the Federal Government (such as the War Department, Navy Department, the Bureau of Agricultural Economics and the Bureau of Plant Industry

in the Department of Agriculture, the 1933 Cotton Producers' Pool, the Commodity Credit Corporation), at a Federal or State agricultural experimental station or agricultural laboratory, at an institution owned or operated by a State or political subdivision thereof (such as a penal institution or a county poor farm), or elsewhere, whether in continental United States or in Puerto Rico, Hawaii, or Alaska. The foregoing enumeration is not to be taken as excluding other persons or other places or other circumstances from the requirement that all old cotton is to be tagged wherever and whenever found.

The Director of Tagging is authorized in such tagging operations to establish regional offices and regional supervisors and necessary personnel therein, to employ special agents, to make arrangements with any warehouseman holding in his warehouse five hundred or more bales of old cotton under which the warehouseman shall, under bond, affix bale tags to such old cotton, to use the services of County Agents and such facilities as have heretofore been and are now being utilized by the Cotton Production Section of the Agricultural Adjustment Administration through the Cotton Production Control Associations established in the cotton-growing counties, such as the county committees, the community committees, and the executive secretaries of the said associations, and, wherever necessary, to employ as taggers on a reasonable basis of compensation members of such committees, or other persons, recommended by the County Agent.

Each person authorized to act in any capacity in the tagging operations shall be furnished with a document, signed by the Director of Tagging, evidencing his authority so to act as an agent of the Secretary.

Article VI—Distribution of Tags

The Director of Tagging shall cause schedules to be prepared, based on information available at the outset of his task and the applications and information later received, establishing the order in which old cotton is to be tagged, bearing in mind that where an applicant represents he has cotton which he presently or shortly wishes to transport or sell it should be tagged promptly, in order that the movement of cotton in commerce be not delayed. Bale tags shall be shipped to and made available in the field and affixed in accordance with the schedules.

Article VII—Taggers and Their Duties

(*a*) Every tagger shall

(1) distribute forms of application to every person in the territory or community assigned to him who is known or represented to him or believed by him to have old cotton in his possession, custody, or control, unless such person has already been supplied a form of application;

(2) personally affix every one of the bale tags he is authorized to affix, and also execute and issue, to the person in whose hands the cotton tagged was found, one Certification of Tagging Lint Cotton (form B.A. 12) for each bale tagged by him;

(3) make a written report, on the form prescribed (see Article VIII), of every bale tag he affixes and of all available information called for by such form, particularly the identification marks appearing on each bale tagged;

(4) secure the signature, to the form of certification embodied in such report, of the person in whose hands the cotton tagged was found, acknowledging the affixing of the bale tags as described in such report;

(5) deliver, to the person executing such certification, at the time the document is completed, one of the quadruplicate originals of such report;

(6) deliver his reports of such tagging operations promptly to the County Agent or representative designated by the Director of Tagging to receive the same;

(7) account for every bale tag delivered to him;

(8) return, to the Director of Tagging, through the channels designated, every bale tag which was not affixed to a bale of old cotton;

(9) make a final report summarizing his operations.

(*b*) If the tagger is a warehouseman, (1) he need not comply with paragraph (*a*) 1 of this article, (2) the bale tags may be personally affixed by a trustworthy and capable employee of such warehouseman, (3) for the purposes of paragraphs 4 and 5 of subdivision (*a*) of this article the warehouseman is both the tagger and the person in whose hands the cotton is found. Such warehouseman shall furnish a good and sufficient bond, conditioned on his lawfully affixing a bale tag to every bale of old cotton in his warehouse and truly and lawfully accounting for each of the bale tags issued to him. The bond shall be executed, on the prescribed form, by the warehouseman and by two individual sureties or one corporate surety. Each individual surety shall execute, on the prescribed form, an affidavit showing the value of the property, real or personal, owned by him, in excess of all liens, encumbrances, and exemptions. A separate bond shall be filed for each warehouse where such tagging is done by the warehouseman. The bond shall be in duplicate with surety or sureties satisfactory to the Secretary. The penal sum of the bond shall be not less than $1,000 nor in any event more than $10,000 and shall be fixed at the rate of $200 for each 100 bales or major fraction thereof stored in the warehouse at the time application is made for bale tags. In lieu of surety or sureties, the warehouseman may deposit with the Secretary United States Liberty bonds or other bonds or notes of the United States having a par value not less than the amount of the bond required to be furnished, together with an agreement authorizing the Secretary to collect and sell such bonds or notes so deposited in case of any default in the performance of any of the conditions of such bond.

Article VIII—Reports

Each tagger shall make and promptly render individual reports in quadruplicate originals (on Form No. B.A. 3 and on Form No. B.A. 4 where used), of which one shall be transmitted to the Director of Tagging (through the channels designated) with the appropriate application attached thereto, one shall be delivered to the

person executing the acknowledgment that bale tags were affixed, one shall be retained by the tagger, and the fourth shall be forwarded to the County Agent or other person in charge of tagging operations within the particular county.

Each tagger shall make a written summary report, at the end of each day, setting forth in a schedule a list of the individual reports transmitted therewith and the number of bale tags accounted for in each of such individual reports, and the total number of bale tags on hand at the beginning, the total number affixed during, and the total number remaining in his possession at the end of that day's operations. If no bale tag was affixed by the tagger on any day, his report should so show and state the reason. Such summary report shall also show that the tagger executed and issued one Certification of Tagging Lint Cotton (form B.A. 12) for each bale tagged by him, as required in Article III and in paragraph (*a*) (2) of Article VII. Such summary reports shall be delivered to the County Agent or other person in charge of tagging for the county each time he reports at the county office pursuant to instructions. Such summary reports shall be in triplicate originals, of which one is to be retained by the tagger, one retained by the person in charge of tagging for the county, and the third forwarded to the Director of Tagging through the regional office.

Reports shall be made in writing (forwarded through the regional office) to the Director of Tagging by the person in charge of tagging for each county at the end of each calendar week, estimating the number of bale tags needed and how rapidly they will be needed and the number of taggers and the time required to do the tagging, summarizing the tagging operations completed, transmitting the original copy of every tagger's report rendered in that week, and accounting for the number of bale tags received, affixed, and remaining in the hands of the county office and taggers operating thereunder. A signed copy of each such report shall be furnished to the regional office, and a signed copy retained in the files of the person making it.

The person in charge of each regional office shall make a written report to the Director of Tagging at the beginning of each calendar week, estimating the total number of bale tags which will be required and how rapidly the bale tags need be delivered to the regional office and by it distributed to the counties, estimating or summarizing the number of taggers needed by counties and the length of time required to perform the tagging, transmitting the various reports which have been received to be forwarded to the Director of Tagging, and accounting for the number of bale tags received, distributed (by counties), returned to the regional office, and remaining in the hands of the regional officer. A signed copy of each report shall be retained by the person making it.

The Director of Tagging shall make a written report to the Secretary at the end of each calendar month summarizing the tagging operations, county by county.

Each of the several series of reports shall be consecutively numbered by the person rendering them. As tagging operations are concluded by any person charged with rendering reports his reports shall be summarized in a final report.

The Secretary will render an accounting to the Commissioner of Internal Revenue at the conclusion of the operations of tagging old cotton, showing by counties the number of bale tags affixed to bales and returning to the Commissioner of Internal Revenue all bale tags issued to the Secretary which have not been so affixed.

Article IX—Receipts for Bale Tags

Every person to whom, during the course of preparing for, conducting, or reporting on tagging operations, bale tags are delivered (whether for distribution to others or for tagging or for return with periodical or final report) shall sign a receipt for such bale tags. The receipt shall be dated and signed, executed on the prescribed form in triplicate originals marked first, second, and third original. The first original shall be forwarded, through proper channels, to the Director of Tagging, Room 1238, South Building, Department of Agriculture, Washington, D.C.; the second original shall be delivered to the person from whom the bale tags were secured; the third original shall be retained by the person signing the receipt.

Each receipt shall contain an undertaking by the person who signs the receipt to pay to the Commissioner of Internal Revenue (through the Secretary) the sum of thirty dollars for each bale tag for which he fails to make true and lawful accounting.

Each person having bale tags in his custody shall keep them in a place of safe storage pending their distribution or affixing or return and shall keep an accurate written account of the bale tags received, distributed or affixed, and returned by him.

Article X—Attaching Bale Tags

Every person required under the provisions of these regulations to attach a bale tag to a bale of lint cotton shall affix such tag by fastening the wire part of the bale tag securely through the bagging on the side and near that end of the bale (commonly known as the head) where the customary commercial identification marks are or will be attached, and locking the tag and testing it to make certain that it is securely locked.

Article XI—Compressed Cotton

When lint cotton, to which a bale tag has been affixed, is compressed the compressing shall be done in such manner as to insure that the bale tag will not be destroyed or mutilated or covered in whole or in part.

Article XII—Transportation, Sale, Purchase, or Opening of Bales

Reference is here made to the regulations relating to tax on cotton ginning prescribed under the Act by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, respecting transportation, sale, purchase, or opening of bales of lint cotton.

See also the special regulation issued by the said Commissioner June 1, 1934 (T.D. 4438), quoted from in Article III above.

Article XIII—Removal of Bale Tags

A bale tag which has been attached to a bale of cotton under the provisions of these regulations shall not be removed therefrom in any manner or for any reason except in compliance with the regulations aforesaid prescribed by the Commissioner of Internal Revenue.

Article XIV—Penalties

(*a*) As provided in the Act, a fine not exceeding $1,000, or imprisonment for not more than six months, or both such fine and imprisonment, shall be imposed upon any person who

(1) wilfully violates any provision of the Act,

(2) with intent to defraud, falsely makes, forges, alters, or counterfeits any bale tag made or used under the Act,

(3) uses, sells, or has in his possession any such forged, altered, or counterfeited bale tag, or any plate or die used, or which may be used, in the manufacture thereof,

(4) has in his possession any bale tag which should have been destroyed, as required by the Act,

(5) re-uses any bale tag required to be destroyed by the Act,

(6) places any cotton in any bale which has been filled and tagged, without destroying the bale tag previously affixed to such bale,

(7) affixes any bale tag, issued under the Act, to any bale of lint cotton on which any tax due is unpaid,

(8) makes any false statement in any application for bale tags under the Act, or

(9) has in his possession any bale tag obtained by him otherwise than as provided in the Act.

(*b*) As provided in the Act, a fine not exceeding $1,000, or imprisonment for not more than one year, or both such fine and imprisonment, shall be imposed upon any person who, in violation of the regulations made by the Secretary of Agriculture, (1) secures bale tags from another by sharp practices or (2) speculates in bale tags, and upon any person securing bale tags from another person by fraud or coercion.

(*c*) The Act further provides that "Any person who wilfully violates any regulation issued by the Secretary of Agriculture or the Secretary of Agriculture and the Secretary of the Treasury under this Act, for the violation of which a special penalty is not provided, shall, on conviction thereof, be punished by a fine not exceeding $200."

Article XV—Amendments

The Secretary of Agriculture reserves the right to modify, add to, rescind, or otherwise amend the foregoing regulations.

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[PUBLIC—NO. 169—73D CONGRESS]

[H.R. 8402]

AN ACT

To place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DECLARATION OF POLICY

That in order to relieve the present acute economic emergency in that part of the agricultural industry devoted to cotton production and marketing by diminishing the disparity between prices paid to cotton producers and persons engaged in cotton marketing and prices of other commodities and by restoring purchasing power to such producers and persons so that the restoration of the normal exchange in interstate and foreign commerce of all commodities may be fostered, and to raise revenue to enable the payment of additional benefits to cotton producers under the Agricultural Adjustment Act—

It is hereby declared to be the policy of Congress to promote the orderly marketing of cotton in interstate and foreign commerce; to enable producers of such commodity to stabilize their markets against undue and excessive fluctuations, and to preserve advantageous markets for such commodity, and to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, and to more effectively balance production and consumption of cotton.

PERIOD OF APPLICABILITY

SEC. 2. The provisions of this Act shall be effective only with respect to the crop years 1934–1935, but if the President finds that the economic emergency in cotton production and marketing will continue or is likely to continue to exist so that the application of this Act with respect to the crop year 1935–1936 is imperative in order to carry out the policy declared in section 1, he shall so proclaim, and this Act shall be effective with respect to the crop year 1935–1936. If at any time prior to the end of the crop year 1935–1936, the President finds that the economic emergency in cotton production and marketing has ceased to exist, he shall so proclaim, and no tax under this Act shall be levied with respect to cotton harvested after the effective date of such proclamation.

SEC. 3. (a) When the Secretary of Agriculture finds, for the crop year 1935–1936, if the provisions of this Act are effective for such crop year, that two thirds of the persons who have the legal or equitable right as owner, tenant, share-cropper, or otherwise to

produce cotton on any cotton farm, or part thereof, in the United States for such crop year favor a levy of a tax on the ginning of cotton in excess of an allotment made to meet the probable market requirements and determines that such a tax is required to carry out the policy declared in section 1, the Secretary shall ascertain from an investigation of the available supply of cotton and the probable market requirements the quantity of cotton that should be allotted, in accordance with the policy declared in section 1, for marketing in the channels of interstate and foreign commerce, from production of cotton during the succeeding cotton crop year, exempt from the payment of taxes thereon.

(b) The allotment so ascertained shall be proclaimed by the Secretary of Agriculture at least sixty days prior to the beginning of such succeeding crop year and shall be apportioned by him as herein provided.

(c) For the crop year 1934–1935 ten million bales is hereby fixed as the maximum amount of cotton of the crop harvested in the crop year 1934–1935, that may be marketed exempt from payment of the tax herein levied. Except as provided in section 2, the allotment plan and the tax is hereby declared to be in effect for the crop year 1934–1935.

TAX AND EXEMPTIONS

Sec. 4. (a) There is hereby levied and assessed on the ginning of cotton hereafter harvested during a crop year with respect to which this Act is in effect, a tax at the rate per pound of the lint cotton produced from ginning, of 50 per centum of the average central market price per pound of lint cotton, but in no event less than 5 cents per pound. If the cotton was harvested during a crop year with respect to which the tax is in effect, the tax shall apply even if the ginning occurs after the expiration of such crop year.

(b) The average central market price, per pound of lint cotton, shall be the average price per pound of basis seven-eighths-inch middling spot cotton on the ten spot cotton markets (designated by the Secretary of Agriculture) as determined and proclaimed from time to time by the Secretary of Agriculture. The average central market price determined and proclaimed shall be the base for determining the rate of the tax until a different average central market price for lint cotton is determined and proclaimed by the Secretary of Agriculture.

(c) Every person ginning any cotton subject to tax under this Act (whether as agent of the owner or otherwise) and every other person liable for tax under this Act shall make monthly returns under oath in duplicate and pay the taxes imposed by this Act to the collector for the district in which the ginning is done, or to such other person as such collector may direct. Such returns shall contain such information and be made at such times and in such manner as the Commissioner, with the approval of the Secretary of the Treasury, may by regulations prescribe. The tax shall, without assessment by the Commissioner or notice from the collector, be due and payable to the collector at the time so fixed for filing the return. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 per centum a month from the time when the tax became due until paid.

(d) When the Secretary of Agriculture does not proclaim an allotment of cotton for a crop year as provided in section 3 of this Act, the tax shall not apply with respect to cotton harvested during such crop year but shall apply to cotton harvested during the next crop year for which, with the approval of the President, the Secretary makes an allotment under such section.

(e) No tax shall be imposed under this Act with respect to—

(1) Cotton harvested by any publicly owned experimental station or agricultural laboratory.

(2) An amount of cotton harvested in any crop year from each farm equal to its allotment.

(3) Cotton harvested prior to the crop year 1934–1935.

(4) Cotton having a staple of one and one half inches in length or longer.

(f) The tax shall not be collected upon the ginning of cotton which is to be stored by the producer thereof either on the farm or at such other place as may be permitted by regulations prescribed by the Secretary of Agriculture and the Secretary of the Treasury. In such cases, the payment of the tax shall be postponed, but shall be paid at the time when bale tags are secured for such cotton. Bale tags may be secured for any of such cotton at any time after ginning (1) upon the payment to such person as the Commissioner may direct, of the amount of tax which would have been payable at the time of ginning, or (2) upon the surrender of certificates of exemption covering an amount of cotton not less than the amount of such cotton. Until bale tags are secured for such cotton, such cotton shall be subject to a lien in favor of the United States for the amount of the tax payable with respect to the ginning of such cotton. The right to postponement of the payment of the tax under this subsection shall be established in accordance with such regulations as the Secretary of Agriculture and the Secretary of the Treasury may prescribe. The Commissioner, with the approval of the Secretary of the Treasury, shall prescribe regulations providing for stamping the containers of such cotton so as to indicate the time of ginning and the amount of tax payable with respect thereto.

(g) The right to exemption under paragraph (2) of subsection (e) shall be evidenced by a certificate of exemption issued as herein provided, which certificate of exemption shall be conclusive proof of the right to such exemption.

APPORTIONMENT

Sec. 5. (a) When an allotment is made, in order to prevent unfair competition and unfair trade practices in marketing cotton in the channels of interstate and foreign commerce, the Secretary of Agriculture shall apportion to the several cotton-producing States the number of bales the marketing of which may be exempt from the tax herein levied, which shall be determined by the ratio of the average number of bales produced in each State during the five crop years preceding the passage of this Act to the average number of bales produced in all the States during the same period: *Provided, however*, That no State shall receive an allotment of less than two hundred thousand bales of cotton if in any one year of five years prior to this date the production of the State equalled

two hundred and fifty thousand bales. It is prima facie presumed that all cotton and its processed products will move in interstate or foreign commerce.

(b) The amount allotted to each State (less the amounts allotted under section 8) shall be apportioned by the Secretary of Agriculture to the several counties in such State on a basis and ratio, applied to such counties, similar to that set forth in subsection (a), except that, for the purposes of this subsection, there shall be excluded from the calculation of the average production of cotton in any county an amount of cotton produced in such county during any crop year or years during which the Secretary of Agriculture finds that production of cotton in such county was reduced so substantially by unusual drought, storm, flood, insect pests, or other uncontrollable natural cause that the inclusion of the cotton produced in such crop year or years would result in an apportionment to such county based upon an abnormally low production of such county, and in such cases the average production shall be calculated on the basis of the crop years and production of the years remaining of the period set forth in subsection (a).

APPLICATIONS FOR CERTIFICATES

Sec. 6. A producer of cotton desiring to secure a tax-exemption certificate may file an application therefor with the agent designated by the Secretary of Agriculture, accompanied by a statement under oath showing the approximate quantity of cotton produced on the lands presently owned, rented, share-cropped, or controlled by the applicant during a representative period fixed by the Secretary of Agriculture, and also the number of acres of land in said lands in actual cultivation for the three preceding years, and the quantity of cotton, in the best judgment of the applicant, said lands would have produced if all the cultivated land had been planted to cotton. Said application shall state any other facts which may be required by the Secretary of Agriculture. No certificate of exemption shall be issued and no allotment shall be made to any producer unless he agrees to comply with such conditions and limitations on the production of agricultural commodities by him as the Secretary of Agriculture may, from time to time, prescribe to assure the cooperation of such producer in the reduction programs of the Agricultural Adjustment Administration and to prevent expansion on lands leased by the Government of competitive production by such producer of agricultural commodities other than cotton and the allotment of and certificates of exemption issued to any producer shall be subject to revocation on violation by him of such conditions and limitations, and no criminal penalties shall apply to the violation of this provision.

Sec. 7. (a) The amount of cotton allotted to any county pursuant to section 5 (b) shall be apportioned by the Secretary of Agriculture to farms on which cotton has been grown within such county. Such allotments to any farm shall be made upon application therefor and may be made by the Secretary based upon—

(1) A percentage of the average annual cotton production of the farm for a fair representative period; or

(2) By ascertaining the amount of cotton the farm would have produced during a fair representative period if all the cultivated land had been planted to cotton, and then reducing such amount by such percentage (which shall be applied uniformly within the county to all farms to which the allotment is made under this paragraph) as will be sufficient to bring the total of the farm allotments within the county's allotment; or

(3) Upon such basis as the Secretary of Agriculture deems fair and just, and will apply to all farms to which the allotment is made under this paragraph uniformly, within the county, on the basis or classification adopted. The Secretary of Agriculture, in determining the manner of allotment to individual farmers, shall provide that the farmers who have voluntarily reduced their cotton acreage shall not be penalized in favor of those farmers who have not done so.

(b) After the crop year 1934–1935 the apportionment shall not be on the basis set out in paragraph (1) of subsection (a) of this section.

(c) The total allotment to farms in each county under this section shall not exceed the approximate number of bales allotted to that county under section 5 (b).

Sec. 8. Whenever an allotment is made pursuant to section 3, not to exceed 10 per centum of the number of bales allotted to each State shall be deducted from the number of bales allotted to such State, and allotted in such State—

(a) To producers of cotton on farms where for the preceding three years less than one third of the cultivated land on such farms has been planted to cotton;

(b) To producers of cotton on farms not previously used in cotton production;

(c) To producers of cotton on farms where, for the preceding five years, normal cotton production has been reduced by reason of drought, storm, flood, insect pests, or other uncontrollable natural cause; and

(d) To producers of cotton on farms where, for the preceding three years, acreage theretofore planted to cotton has been voluntarily reduced so that the amount of reduction in cotton production on such farms is greater than the amount which the Secretary finds would have been an equitable reduction applicable to such farms in carrying out a reasonable reduction program.

The allotments provided for in this section shall be in addition to the amounts apportioned to the counties under section 5 (b).

EXEMPTION CERTIFICATES

Sec. 9. (a) Exemption certificates shall be issued by the Secretary of Agriculture, upon application therefor, but only upon proof satisfactory to the Secretary that the producer is entitled thereto pursuant to this Act and the regulations thereunder. Any certificate erroneously issued shall be void upon a demand in writing for its return made by the Secretary of Agriculture to the person to whom such certificate was issued.

(b) The right to a certificate of exemption shall be evidenced in such manner as the Secretary of Agriculture may by regulations prescribe.

(c) The certificate of exemption shall specify the amount of cotton exempt from the tax under section 4 (e) (2).

(d) Any and all certificates of exemption may be transferred or assigned in whole or in part in such manner as the Secretary of Agriculture may prescribe and shall be issued with detachable coupons or in such other form or forms to be prescribed by the Secretary of Agriculture as will facilitate such transfer or assignment. Any person who, in violation of the regulations made by the Secretary of Agriculture, (1) secures certificates of exemption or bale tags from another by sharp practices, or (2) speculates in certificates of exemption or bale tags, and any person securing certificates of exemption or bale tags from another person by fraud or coercion shall, upon conviction thereof, be fined not more than $1,000 or sentenced to not more than one year's imprisonment, or both.

IDENTIFICATION OF TAX-PAID OR EXEMPT COTTON

SEC. 10. (a) Upon the payment of the tax on any cotton, or the surrender of exemption certificates covering cotton, the collector receiving such payment or certificates shall deliver to the person so paying or surrendering an appropriate number of bale tags which shall be affixed to such cotton.

(b) All cotton imported from a foreign country (including the Philippine Islands, the Virgin Islands, American Samoa, the Canal Zone, and the island of Guam) shall be packed and stamped, tagged, or otherwise identified, in addition to any import stamp indicating inspection at the customhouse, before such cotton is withdrawn therefrom.

(c) Every person who, at the time the tax becomes effective in any crop year, holds for sale (or use in the manufacture or production of an article intended for sale) any lint cotton in bales harvested during a year with respect to which the tax was not in effect may, upon application within fifteen days after the tax becomes effective, and any publicly owned experimental station or agricultural laboratory may, upon application at the time of ginning cotton harvested by it, receive an appropriate number of bale tags. Such bale tags shall be promptly affixed to the bales of lint cotton so held.

(d) In the case of any cotton in existence at the beginning of any crop year with respect to which the tax becomes effective and owned, held, or controlled by the United States, or any department or agency thereof, the Commissioner shall supply bale tags therefor free of charge, upon application by the head of the department or agency. Upon application of the Secretary of Agriculture, bale tags shall be issued free of charge for cotton held in the 1933 Cotton Producers' Pool. Bale tags issued under this section shall be securely affixed to such cotton.

DESTRUCTION OF MEANS OF IDENTIFICATION

SEC. 11. Every person emptying or breaking any bale stamped, tagged, or otherwise identified under the provisions of this Act shall, at the time of emptying or breaking such bale, destroy the bale tag.

REGULATIONS BY THE COMMISSIONER

SEC. 12. The Commissioner, with the approval of the Secretary of the Treasury, shall prescribe (a) regulations with respect to the time and manner of applying for, issuing, affixing, and destroying bale tags, and the method of accounting for receipts from the sale of and for the use of such bale tags, and (b) such other regulations as he shall deem necessary for the enforcement of the taxing provisions of this Act.

INFORMATION RETURNS

SEC. 13. (a) All persons, in whatever capacity acting, including producers, ginners, processors of cotton, and common carriers, having information with respect to cotton produced, may be required to make a return in regard thereto, setting forth the amount of cotton delivered, the name and address of the person who delivered said cotton, the amount of lint cotton produced therefrom, and any other and further information which the Commissioner, with the approval of the Secretary of the Treasury and the Secretary of Agriculture, shall by regulations prescribe as necessary for the proper administration of the tax. Any person required to make such return shall render a true and accurate return to the Commissioner.

(b) Any person willfully failing or refusing to file such a return, or filing a willfully false return, shall be guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not more than $1,000 or by imprisonment not exceeding one year, or both.

GENERAL AND PENAL PROVISIONS

SEC. 14. (a) All provisions of law, including penalties, applicable with respect to the taxes imposed by section 800 of the Revenue Act of 1926, shall, insofar as applicable and not inconsistent with the provisions of this Act, be applicable with respect to taxes imposed by this Act.

(b) Except as may be permitted by regulations prescribed by the Commissioner, with the approval of the Secretary of the Treasury, with due regard for the protection of the revenue, no person shall: (1) Transport, except for storing or warehousing, under the provisions of section 4 (f) beyond the boundaries of the county where produced any lint cotton to which a bale tag issued under this Act is not attached; or (2) sell, purchase, or open any bale of lint cotton to which a bale tag issued under this Act is not attached.

(c) No seed cotton harvested during a crop year with respect to which the tax is in effect shall be exported from the United States or any possession thereof to which this Act applies to any possession of the United States to which this Act does not apply or to any foreign country.

(d) Any person who willfully violates any provision of this Act, or who willfully fails to pay, when due, any tax imposed under this Act, or who, with intent to defraud, falsely makes, forges, alters, or counterfeits any bale tag or certificate of exemption made or used under this Act, or who uses, sells, or has in his possession any such forged, altered, or counterfeited bale tag or certificate of exemption,

or any plate or die used, or which may be used in the manufacture thereof, or has in his possession any bale tag which should have been destroyed as required by this Act, or who makes, uses, sells, or has in his possession any paper in imitation of the paper used in the manufacture of any such bale tag or certificate of exemption, or who reuses any bale tag required to be destroyed by this Act, or who places any cotton in any bale which has been filled and stamped, tagged, or otherwise identified under this Act, without destroying the bale tag previously affixed to such bale, or who affixes any bale tag issued under this Act to any bale of lint cotton on which any tax due is unpaid, or who makes any false statement in any application for bale tags or certificates of exemption under this Act, or who has in his possession any such bale tags or certificates of exemption obtained by him otherwise than as provided in this Act, shall on conviction be punished by a fine not exceeding $1,000, or by imprisonment for not exceeding 6 months, or both.

(e) Any person who willfully violates any regulation issued by the Secretary of Agriculture or the Secretary of Agriculture and the Secretary of the Treasury under this Act, for the violation of which a special penalty is not provided, shall, on conviction thereof, be punished by a fine not exceeding $200.

REGULATIONS BY THE SECRETARY OF AGRICULTURE

SEC. 15. (a) The Secretary of Agriculture is authorized to make such regulations as may be necessary to carry out the powers vested in him by the provisions of this Act.

(b) The Secretary of Agriculture may make regulations protecting the interests of share-croppers and tenants in the making of allotments and the issuance of tax-exemption certificates under this Act.

APPROPRIATIONS AUTHORIZED

SEC. 16. (a) There is hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

(b) Out of the sums available to the Secretary of Agriculture under the Agricultural Adjustment Act, such sums as may be necessary to carry out the provisions of this Act are authorized to be made available.

(c) The proceeds derived from the tax are hereby authorized to be appropriated to be made available to the Secretary of Agriculture for the purposes of carrying out the cotton program of the Agricultural Adjustment Administration, and for administrative expenses and refunds of taxes under this Act.

OFFICERS AND EMPLOYEES

SEC. 17. The Secretary of Agriculture is authorized, in order to carry out the provisions of this Act, to appoint, without regard to the provisions of the civil service laws, such officers, agents, and employees, and to utilize such Federal officers and employees, and with the consent of the State, such State and local officers and employees, as he may find necessary, to prescribe their authorities, duties, responsibilities, and tenure and, without regard to the Classi-

fication Act of 1923, as amended, to fix the compensation of any officers and employees so appointed, except that rates so fixed shall not exceed the rates of compensation prescribed for comparable duties by such Act, as amended.

PURCHASES AND SERVICES

SEC. 18. The administrative expenses provided for under this Act shall include, among others, expenditures for personal services and rent in the District of Columbia and elsewhere for law books, periodicals, newspapers, and books of reference, for contract stenographic reporting services, and for printing and paper in addition to allotments under the existing law.

COLLECTION OF TAXES

SEC. 19. The taxes provided for by this Act shall be collected by the Commissioner of Internal Revenue under the direction of the Secretary of the Treasury. Taxes collected shall be paid into the Treasury of the United States.

REFUNDS

SEC. 20. (a) No refund of any tax, penalty, or sum of money paid shall be allowed under this Act unless claim therefor is presented within six months after the date of payment of such tax, penalty, or sum.

(b) No suit or proceeding shall be maintained in any court for the recovery of any tax under this Act alleged to have been erroneously or illegally assessed or collected, or of any penalty claimed to have been collected without authority, or of any sum alleged to have been excessive or in any manner wrongfully collected until a claim for refund or credit has been duly filed with the Commissioner of Internal Revenue, according to the provisions of law in that regard, and the regulations of the Secretary of the Treasury, established in pursuance thereof; but such suit or proceeding may be maintained, whether or not such tax, penalty, or sum has been paid under protest or duress. No suit or proceeding shall be begun before the expiration of six months from the date of filing such claim, unless the Commissioner renders a decision therein within that time, nor after the expiration of two years from the date of the payment of such tax, penalty, or sum, unless such suit or proceeding is begun within two years after the disallowance of the part of such claim to which such suit or proceeding relates. The Commissioner shall, within ninety days after any such disallowance, notify the taxpayer thereof by registered mail.

SEPARABILITY OF PROVISIONS

SEC. 21. If any provision of this Act, or the applicability thereof to any person or circumstance, is held invalid, the remainder of this Act and the applicability of such provision to other persons or circumstances shall not be affected thereby.

GEOGRAPHICAL APPLICATION OF ACT

SEC. 22. The provisions of this Act shall be applicable to the United States and its possessions, except the Philippine Islands, the Virgin Islands, American Samoa, the Canal Zone, and the island of Guam.

DEFINITIONS

SEC. 23. As used in this Act—

(a) The term "person" means an individual, a partnership, joint-stock company, a corporation, or a firm.

(b) The term "Commissioner" means the Commissioner of Internal Revenue.

(c) The term "collector" means the collector of internal revenue.

(d) The term "ginning" means the separation of lint cotton from seed cotton.

(e) The term "tax" means the tax upon the ginning of cotton imposed by this Act.

(f) The term "lint cotton" means the fiber taken from seed cotton by ginning.

(g) The term "seed cotton" means the harvested fruit of the cotton plant.

(h) The term "bale tag" means nondetachable bale tag, stamp, or other means of identifying tax-paid or exempt cotton.

(i) The term "crop year" means the period from June 1 of one year to May 31 of the succeeding year, both dates inclusive.

The term "bale", when used in sections 3, 5, 7, and 8 to describe a quantity of cotton, means five hundred pounds of lint cotton.

SEC. 24. The Secretary of Agriculture is authorized to develop new and extended uses for cotton, and for such purpose there is authorized to be made available to the Secretary not to exceed $500,000 out of the funds available to him under section 12 of the Agricultural Adjustment Act.

Approved, April 21, 1934.

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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D. C.

AMENDMENT TO THE REGULATIONS UNDER THE COTTON ACT OF APRIL 21, 1934 RELATING TO THE TAGGING OF COTTON HARVESTED AND GINNED PRIOR TO JUNE 1, 1934

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the Act approved April 21, 1934, entitled "An Act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes" (Public, No. 169, 73d Congress), as amended, I do make, prescribe, publish, and give public notice of the following amendment to the regulations prescribed on June 12, 1934, relating to the tagging of cotton which was harvested and ginned prior to June 1, 1934, which regulations as thus amended are to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture under said Act.

In testimony whereof, I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed at the City of Washington this 14th day of December, 1934.

H A Wallace
Secretary of Agriculture.

ARTICLE III—TAGGING OF OLD COTTON

[Last Paragraph as Amended]

In view of the promulgation on November 8, 1934, of the amendment to Article 24 of Treasury Regulations 84, Relating to the Tax on Cotton Ginning Under the Cotton Control Act, prescribed by the Acting Commissioner of Internal Revenue with the approval of the Acting Secretary of the Treasury—

The last paragraph of Article III of the Regulations under the Cotton Act of April 21, 1934, Relating to the Tagging of Cotton Harvested and Ginned Prior to June 1, 1934, prescribed by the Sec-

retary of Agriculture on June 12, 1934, is hereby amended to read as follows:

"At the time a bale tag is affixed the person in whose hands the bale is found will be issued a certification of tagging on a prescribed form (B. A. 12), intended to accompany documents of title and calculated to facilitate the sale of cotton and cotton-financing transactions. Such certification shall be signed by the person affixing the bale tag and shall show the serial number of the bale tag, the mark or marks of identification appearing on the bale, and whether the bale is round or square, compressed or uncompressed. Such certification must be exhibited upon any application which may be made claiming a bale tag to replace a bale tag which has been lost, destroyed, or stolen. Any application for the replacement of a bale tag or a certification of tagging (Form B. A. 12) which was lost, destroyed, or stolen should be filed with the collector of internal revenue for the district in which the cotton was located at the time such loss, destruction, or theft was discovered, in accordance with the provisions of Article 24 of Treasury Regulations 84 Relating to the Tax on Cotton Ginning Under the Cotton Control Act."

U. S. GOVERNMENT PRINTING OFFICE: 1935